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March 31, 2008

Department of the Interior
Minerals Management Service
381 Elden Street, MS-4024
Herndon, Virginia 20170-4817

Attention: Regulations and Standards Branch (RSB)

RE: Bonus or Royalty Credits for Relinquishing Certain Leases Offshore Florida, 1010-AD44

Gentlemen and Ladies:

Chevron U.S.A. Inc. (CUSA) is appreciative of the opportunity to comment on the Minerals Management Service's (MMS) above-referenced proposed rule implementing Section 104(c) of the Gulf of Mexico Energy Security Act of 2006 ("GOMES"), Public Law No. 109-432. Section 104 of the GOMES is entitled "Moratorium on Oil and Gas Leasing in Certain Areas of the Gulf of Mexico" and provides that the MMS "shall not offer for leasing, pre-leasing, or any related activity . . ." certain areas of the Gulf of Mexico that are considered to be offshore of Florida's coasts. Section 104(c) and the proposed rule implementing it provide a means for parties that acquired and hold oil and gas leases in the designated area to recoup their bonuses and rentals expended on the leases because the GOMES and other laws effectively preclude exploration and production activities on the leases. Specifically, Section 104(c) and proposed rule implementing it allow parties holding leases in the area to relinquish the leases and recoup their bonuses and rentals through royalty credits against the royalties they owe on oil and gas production from their producing Gulf of Mexico leases. CUSA holds many leases in the area affected by Section 104 and the proposed rule and offers the following comments.

Unfortunately, contrary to the suggestion of the GOMES's title, the statute and the rule will actually harm energy security by perpetuating the unacceptable status quo that areas of the Gulf of Mexico that are known to contain significant oil and gas resources will remain off-limits for exploration and production activities for the foreseeable future. While CUSA is appreciative of the intent to compensate parties that have acquired oil and gas leases in the area for the bonus and rentals they have paid for those leases given that the area will apparently remain off-limits to exploration and production activities for the near term, the proposed credits will not make such parties whole. In fairness, to truly be kept whole parties that have made such expenditures should be compensated at a reasonable interest rate for the time-value of their bonuses and rentals paid, and they should also be compensated for any investments they have made for exploration activities on the leases.

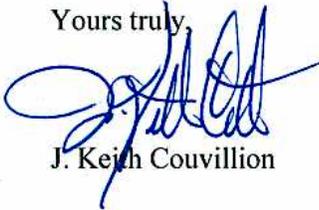
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The MMS's proposed rule is also flawed in that it contradicts the plain mandate of Section 104(c) by providing that the rule will expire one year after a final rule is published in the Federal Register. *See* 73 Fed. Reg. 6,073, 6,080 (Feb. 1, 2008) (proposed § 256.94(a)(2)). Section 104(c) does not contain a date of expiration or repeal, and "[i]t is a basic principle of the law that unless explicitly provided to the contrary, statutes continue in force until abrogated by subsequent action of the legislature." Norman J. Singer, Statutes & Statutory Construction § 34.1 (6th ed. 2001). The MMS does not have the authority to use a rule implementing a statute to terminate the statute prior to the time set for expiration by Congress; therefore, the MMS should delete the repeal date in its proposed rule and publish a final rule that does not contain an expiration or repeal date.

Thank you again for providing us with the opportunity to comment on the proposed rule. Should you have any questions regarding our comments, please do not hesitate to contact me.

Yours truly,

A handwritten signature in blue ink, appearing to read "J. Keith Couvillion", written over a printed name.

J. Keith Couvillion